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ABSTRACT

New York State is in a crisis in the financing of higher education. The problem is that of accommodating the numbers of students for whom a higher education must be provided at the lowest cost to the taxpayer. It will be enormously costly for the State to provide the needed student spaces if the private institutions are forced to close their doors or be absorbed into the State structure. To alleviate this problem, a long-term and a short-term plan have been devised. The long-term plan should be phased in over 3 to 4 years. It consists briefly of the following: (1) public institutions should extend user charges to cover the full educational costs, including instructional expense and student-related expenses, for those who can afford to pay; and (2) at the same time, the scholar incentive program should be expanded to the point that, for students with the greatest need, it covers full user charges. The short-term plan allows for immediate implementation of the long-term plan and also includes provisions for financial aid to the private institutions in need. (HS)

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A PLAN OF ACTION

for

Financing Higher Education

in the

State of New York

Prepared on behalf of

THE COMMISSION ON INDEPENDENT COLLEGES AND UNIVERSITIES
STATE OF NEW YORK

An association of 106 private institutions of higher education

December 1971

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This plan was prepared on behalf of the Commission on Independent Colleges and Universities, an association of 106 private institutions of higher education in the State, by a committee of New York's private universities.

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Chairman John W. Chandler (President, Hamilton College)

A PLAN OF ACTION FOR

FINANCING HIGHER EDUCATION IN THE STATE OF NEW YORK

SUMMARY AND RECOMMENDATIONS

New York State is in a crisis in the financing of higher education. The elements of this crisis are:

1. *Forty percent more student places must be provided in New York State in the 1970's.*

2. *A huge number of the present student places (43% of the total) are jeopardized by the impending financial collapse of the State's private colleges and universities.*

3. *Burdens on the State's taxpayers are already excessive, and higher education is only one of many urgent demands.*

New York's problem is to accommodate the numbers of students for whom a higher education must be provided at the lowest cost to the taxpayer. It will be enormously costly for the State to provide the needed student spaces if the private institutions are forced to close their doors or to be absorbed into the State structure. Some additional assistance for the private institutions, coupled with a first step toward a sound long-term plan for financing higher education, will minimize the taxpayers' burden in the years ahead.

An analysis of the financial crisis facing the State's system of higher education is presented in this paper, followed by discussion of key elements of a long-term plan, as well as immediate plans, for financing higher education in the State.

The long-term plan should be phased in over three to four years. It consists, in summary, of the following:

1. Public institutions should extend user charges to cover their full educational costs, including instructional expense and such student-related expenses as those for meals, rooms, and health services. This will introduce a new source of revenue from those students who, with their parents, can afford to pay all or part of the full educational costs at the public colleges and universities.

2. At the same time, the Scholar Incentive program should be expanded to the point where the maximum awards, for students with the greatest need, cover the full user charges at the public institutions. The awards should be usable by the student at the New York institution of his choice, whether public or private.

For the 1972-73 budget, to be presented shortly to the Legislature, the private colleges and universities propose the following program:

1. As a first step toward a new long-term financing plan for New York's higher education system, the State's Scholar Incentive program for 1972-73 should be expanded from its maximum of $600 to a maximum of $1,500. This should be accompanied by a system of user charges at the public institutions which will offset most or all of the cost of the expanded Scholar Incentive program.

2. Bundy aid should be continued at least at present levels. A reduction now in this institutional aid would be disastrous for many private institutions. The long-term financing plan presented herein will permit a gradual phasing out of this form of non-categorical institutional aid.

3. A temporary emergency fund should be established to sustain those private institutions facing immediate financial disaster. This fund should be administered on a statewide basis.

4. Categorical aid programs should be continued at least at present levels.

BACKGROUND

Higher education in New York State must be viewed as a total system. Thus, serious problems in a major segment of the system affect the entire system, and proposed solutions must be examined in terms of their effect on the total system. The system itself and its educational product are assets of inestimable value to the State. Accordingly, the grave financial problems of higher education are of deep concern to the government and the people of the State of New York.

In this State the system of higher education is made up of the State University of New York with its many two-year, four-year, and graduate and professional units; the City University of New York with its variety of two-year, four-year, and graduate facilities; and the over 100 private colleges and universities.

New York State can be proud of its system of higher education. It is the largest system in the nation, with over 800,000 students enrolled in graduate and undergraduate degree programs. It has the largest number of universities, offering outstanding graduate and professional as well as undergraduate programs. The full impact of New York's unique public-private system on the cultural, intellectual, professional, and economic environment in the State is impossible to measure quantitatively, yet there can be no doubt that all institutions and individuals benefit and prosper from the presence of an extensive high quality system of higher education.

Some quantitative measurements of economic impact are possible. For example, about $320 million in federal funds flow into the State each year for research and training activities at institutions of higher education.* This

* Ten percent of the federal investment in research and training at universities comes to New York State. More than half of that is brought in by the six major private universities in the State. See Appendix A.

kind of statistic, however, does not begin to measure the real economic impact of a quality system; this would have to be expressed in terms of the educated men and women who work, teach, and live in the State and who help it grow and prosper. Even this does not take into account the new knowledge developed by the faculties, or the direct services of the institutions to the general public, to business, and to government at all levels.

Problems in the State's System of Higher Education

Despite its strengths, New York State faces serious problems in higher education. Some of these are related to the rapid expansion in the system, both past and projected. Undergraduate enrollments alone have grown from 209,200 in 1961 to 439,400 in 1970. Yet the opportunities for a higher education must be expanded still further, especially for those who have not heretofore had access to higher education. The State Education Department estimates a need for 638,000 undergraduate places by 1980--an increase in capacity of over 40%.

With growth has come a huge increase in cost. Planned expansion in enrollments and facilities will mean a continued rapid rise in cost over the next decade. This cost has been and is supported by a variety of funding sources, including tax monies, tuitions and fees, gifts, endowment income, and federal support for research and training. It is essential that expansion in the 1970's be achieved with the maximum use of non-tax sources so that the minimum burden falls on the New York State taxpayer. Similarly, it is essential that growth be achieved without overbuilding--i.e., through carefully planned use of all existing facilities, public and private. Declining enrollments at a number of private institutions currently result in an underutilization of facilities in the system. Vacancies are now estimated at more than 15,000. Clearly, this is wasteful.

This paper addresses itself specifically to the financial plight of the private institutions. Private colleges and universities are, of course, a major segment of the system, both in the number of students and the range and quality of academic activities. New York, in fact, has the largest number of students in private institutions of any state. New York's private institutions currently enroll about 43% of the students in the system. The State University enrolls 42%, and the City University enrolls 15%. (See Appendix B.) The private institutions offer a wide variety of educational opportunities, and are responsible for two-thirds of the graduate and professional education--the most advanced and costly parts of higher education.

As indicated above, the State's private colleges and universities are in serious financial trouble, and the situation is rapidly growing worse. Some institutions are in fact close to insolvency; others are approaching that situation; all private colleges and universities are in financial difficulty. As private institutions become unable to support themselves, the State will be forced to make up the difference, either through greater expansion in the State or City University or through some form of absorption of the failing institutions.

Each student who is displaced from a private institution because of its financial collapse--or who is forced by high user charges from a private to a public college--will impose an immense burden on the State taxpayer: The burden on the taxpayer will be several times the cost of a judicious, timely investment in State aid to private higher education and a plan for realistic user charges.

The Financial Problem of the Private Colleges and Universities

How serious is the problem?

Many recent studies document the plight of private colleges and universities throughout the country and in New York State:

The American Association of Colleges (the Jellema Report) studied 507 private institutions in 1970-71 and found that 122 would exhaust their liquid assets within one year. The Carnegie Commission (the Cheit Report) examined 41 representative institutions in 1970 and classified them by the degree of their financial problems. (New York University, Syracuse and Hamilton College were the only New York institutions included.) Eleven were found to be "in financial difficulty," including NYU. Nineteen were classified as "headed for financial trouble," including Syracuse. Only twelve were classified as "not in financial trouble." A study by the New York State Education Department (the Mercer Report) in April, 1971, found that the institutions receiving Bundy aid for the years 1967 through 1970 had a total deficit of $76 million.

Deficits reported for New York's six major private universities, excluding medical schools, totaled $15,880,000 in 1969, $23,439,000 in 1970, and $29,920,000 for the year ended in June, 1971. Without the State's Bundy aid to these universities, the situation would have been much worse.

Total Deficits--In Thousands

	69-70		70-71		71-72 estimates	
	Actual	Without Bundy	Actual	Without Bundy	Budget	Without Bundy
New York Univ.	$ 4,568	$ 9,236	$ 6,756	$11,317	$ 9,840	$14,500
Syracuse	1,000	3,102	3,200	5,630	4,700	7,100
Columbia	13,839	16,496	16,000	19,047	10,800	13,831
Cornell	1,976	3,370	1,856	3,388	1,454	3,000
Fordham	0	1,040	0	1,117	500	1,500
Rochester	2,056	3,007	2,108	3,175	2,350	3,500
Total	$23,439	$36,251	$29,920	$43,674	$29,644	$43,431

The projected 1971-72 deficit for the six private universities, assuming Bundy aid continues on the current basis, is $29,644,000.

To make up for these deficits the universities have sold and borrowed against those endowment and other assets that are legally available. In the period 1966-71 the six institutions sold $74 million in endowment assets and borrowed over $50 million to cover deficits for that period and those accumulated earlier.

How long can an institution continue to support deficits? Only so long as it has liquid assets to cover them. In the case of New York University, one of the nation's largest and most prestigious private universities, the exhaustion of liquid assets is close at hand. The same is true of a number of private four-year institutions. Others will reach the end of the road during the next few years. A serious financial reverse, such as a reduction in State institutional support, will sharply accelerate the process of financial collapse. It should be noted that no significant assistance from the federal government is in sight.

What Caused the Financial Problems of the Private Institutions?

The financial problems of all colleges and universities, public and private, have two underlying causes: Inflation, and the increased demands on these institutions for educational programs and services. Inflation has brought steadily rising costs. All costs, particularly salaries and benefits, have risen rapidly, as they have in the economy as a whole. Interest rates have been unusually high. The cost of construction has skyrocketed. Other costs have risen as well.

Along with the impact of inflation have come growing operating costs resulting from the greater responsibilities and demands placed on institutions of higher education. A 1968 Carnegie Commission study points out that, partly in response to intellectual developments--i.e., the "knowledge explosion"--and partly in response to national needs, these institutions have greatly increased their commitments to new, varied and often costly fields of study. Examples are biochemistry, plasma physics, the non-western world, and

black studies. Other programs have reflected increasing demands that colleges and universities help to solve critical social problems--urban, environmental, etc. Additional expensive demands are made by mandated programs--including such important but costly programs as those designed to eliminate discrimination against racial minorities and women.

Because private institutions for the most part lack the support of tax monies, they have had to raise tuitions to try to cover their rising costs. Such institutions would have had trouble making income cover costs in any event, but the problem has been greatly exacerbated by the rapidly growing disparity between user charges at private and public institutions. Faced with this disparity, more and more students have lost the option of attending a private institution--strictly because of cost. Such a decision should be based on academic rather than solely financial considerations. Private colleges and universities have attempted to lessen the impact of high tuitions on low and moderate income families by liberal scholarship, loan, and student work programs, but inevitably these institutions have experienced falling enrollment, or, more particularly, declining tuition income relative to total cost. In 1970-71 the six private universities alone expended $29,897,000 of their own resources for financial aid to students. (See Appendix C.) Even so, many private institutions are now operating below capacity and are having trouble filling their freshman classes and even greater difficulty filling their graduate rolls.

(Note that expenditures by the six private universities for student aid almost exactly equal their combined deficits for the same period.)

The contrast between enrollment trends at public and private institutions is clear from the experience of the six major private universities in relation to the four

major SUNY centers--Buffalo, Albany, Stony Brook, and Binghamton:

> In 1967, the six private universities had 68% of the total undergraduate enrollment of the ten institutions. In four years, this has dropped to 56%.
>
> In 1966-67 the private universities enrolled 74% of the graduate, professional, undergraduate students in the ten institutions. By 1970-71, despite increased aid to students, this had dropped to 63%.
>
> In the past two years alone, the six private institutions have lost ground in numbers of students, while the comparable enrollment at the four SUNY centers has risen 29%. Over the full four-year period the SUNY increase was 72%. (See Appendix D.)

The point here is not that growth of State and City universities should be halted. On the contrary, their growth is essential if the system is to meet its accepted obligation to provide new opportunities for increasing numbers of State residents who are candidates for higher education. The problem is that this growth, under the present system of minimal user charges, has drawn students away from the private institutions, with these results in the private sector:

> Institutions have operated at less than full capacity, hence at higher per-student cost, leading (with other factors) to higher tuition charges;
>
> Their financial stability is seriously jeopardized.

Apart from the apparent waste of unused resources, these dysfunctions have also aggravated the problems of the State and City universities: They have tended to overaccelerate their growth, compounding their already great space problems, hampering their efforts to maintain high quality, and adding to their demands upon already over-stretched State and City tax revenues.

It is evident that the plight of the private institutions will worsen unless the gap between their user charges and those of the public institutions is narrowed. To the extent this cannot be done immediately, interim measures must be adopted.

Have Private Colleges and Universities Cut Costs to Keep Tuition Down?

Yes. The State's private colleges and universities have in fact effected severe economies through institution-wide cost reduction programs. Over the State these actions are typical:

Academic programs have been curtailed, including some of high quality;

Previously college-supported or subsidized services have been put on self-supporting bases, or dropped;

Faculty leaves for research have been drastically reduced;

Pay increases, especially for faculty and administrators, have been severely limited;*

Library acquisitions have been cut and regional cooperative programs instituted to share resources;

Much construction and modernization has been halted;

Maintenance has been deferred.

A few specific examples serve to illustrate the steps being taken by all private institutions. Syracuse University has ceased all new

* The effect of the tight salary budgets of private universities is evident in the summer 1971 American Association of University Professors survey of faculty salaries: The compensation of full professors at the six private universities is shown as nearly $2,000/year less than their counterparts in the four major SUNY centers. For 1970-71, the SUNY Center professors received salary increases averaging over 12.6%; those in the six private universities averaged 5.4%. The disparities are of the same order in other faculty ranks as well.

> and replacement hiring, and has stopped all raises for faculty and administrative staff until at least January 1973. Columbia University has sharply reduced its administrative staff and has entirely eliminated its separate theater arts program. New York University will fill no vacancies and has instituted a salary freeze for the next budget year. These institutions, and all the others, have undertaken many other programs to cut operating costs.

There is a point, however, beyond which cost reduction seriously jeopardizes the character of the educational institution. This is just as true for a public institution like SUNY as it is for a private college or university. For example, major changes in faculty-student ratios to reduce costs can dramatically lower the quality of education. The instructional process in education is communication between teacher and pupil. Some of that activity can take place in large classes, and technological advances can and have increased the number of students one professor can reach. Much of the communication, however, involves active participation and feedback between professor and student and the close meeting of two minds on a difficult problem. Technical aids to instruction do not assist this process, and an increase in the student to faculty ratio in fact impairs it.

Similarly, requirements that faculty teach a stipulated, uniform number of class hours, at the expense of their scholarly and research activities and less-structured student contacts, will undermine the quality of education. Particularly today, a teacher in higher education must keep abreast of his field; otherwise what he is teaching in the classroom is swiftly outdated. Moreover, the teacher who is active in research can convey to his students the excitement of uncovering new knowledge and is thus more likely to remain a stimulating teacher throughout his career. Finally, a basic function of universities is to increase knowledge through research. Besides the benefits of that knowledge

to the State's industry, government and public, it is essential to the training of advanced students, both undergraduate and graduate, who will themselves conduct research and staff the educational institutions.

What Will Happen if State Support for Private Institutions is Not Continued and Enlarged?

If State programs of financial support for private institutions of higher education are not continued and expanded, and if the system of user charges is not altered, private colleges will begin to go under, one by one, or perhaps ten by ten. When such institutions close, those students needing financial aid will have to be absorbed into the New York tax-supported institutions, since scholarship assistance at other private institutions cannot be expanded to accommodate them. Other failing institutions will in various ways be absorbed into the tax-supported parts of the system.

What Will It Cost the State if Private Institutions Fail?

As private institutions fail, or must be absorbed into the State University, there will be two kinds of costs to the people of the State: A serious increase in the tax burden and a serious erosion in the quality of the total system of higher education in the State.

Sources of income for the system of higher education include tax monies, user charges paid by students, gifts, endowment income, and grants and contracts for research and training activities. To minimize the cost of higher education to the State's taxpayers, it is essential that the non-tax income brought into the system by the private institutions be preserved. The State's six major private universities alone generate much non-tax income.

In 1969-70 tuition and fees at these institutions amounted to $189 million. Gifts

> and endowment income came to $45.5 million. Federal payments for research and training activities totaled $167 million. (In contrast, Bundy aid to these six private universities came to only $12.8 million for that year.)

The non-tax income is tremendously important to the State's system of higher education. It explains in considerable part why New York State, though it has the largest system, ranks 47th in the nation in the fraction of its taxes devoted to higher education.

To understand the potential impact of the loss of non-tax revenues on the total system, it may be helpful to visualize a river of funds driving a turbine representing the higher education system. The river is made up of tax monies and non-tax monies. As private institutions disappear, non-tax monies will decline. The flow of funds in the river will be reduced. To keep the turbine going at even the present speed (i.e., to maintain current enrollments), the flow of tax monies will have to make up the difference. The burden on the taxpayer will increase.

Stated in its simplest terms, the collapse of private colleges and universities will mean even higher taxes for the people of New York State.

> If private institutions, largely supported by non-tax sources, close their doors or are absorbed into the public sector, much tuition income will be lost. Much gift income, including funds from out of state, will be lost. Some endowment income will be lost where such assets cannot be transferred to State ownership. Certainly additions to endowment principal will be much curtailed. Some federal support of research and training activities will be lost, surely, if programs have to be shut down. The replacement for all these will have to come from the New York taxpayer.

The other kind of cost to the people of the State is in the quality of the State's system of higher education.

The public institutions have grown in quality as well as size. It is not a justifiable assumption that private institutions absorbed into the public system will decline in quality provided that State support is adequate. What will be lost to the State, however, is the rich diversity which has long characterized the State system and is essential to its quality. Just as the lives of individuals--their interests, their work, and their talents--exhibit great variety, so should an educational system provide variety in program and discipline. This is certainly one kind of human activity where a rich mosaic of many parts is preferable to a single, large, less diverse structure.

The structure of New York's higher education has been designed for diversity. The University of the State of New York includes all the institutions of higher education, public and private. The governing body is the Board of Regents. The President of the University of the State of New York is the State Commissioner of Education. This is a brilliant concept in its possibilities, and a fundamentally sound organization of higher education--one that encompasses an extraordinary variety of academic resources and opportunities. It is adaptable to the future needs of the State. If institutions and programs are homogenized through the erosion of independence or through the loss of private institutions, the people of the State will be poorer.

A PLAN OF ACTION

Objectives

This plan has been developed with certain objectives and guidelines in mind. These have, in part, been borrowed from standards suggested by others.

1. *New York's system of public-private education should continue to be developed along comprehensive and varied lines.*

2. *Opportunities for higher education should be extended to students of all income levels.*

3. *Private and public institutions should share the responsibility of serving the economically and educationally disadvantaged.*

4. *A New York student's financial means should not limit his choice of college or university.*

5. *The taxpayer should not bear the burden of any part of the educational costs which the student can afford to pay, regardless of whether he attends a private or public institution.*

6. *Expansion of public and private institutions should proceed on a planned, coordinated basis--encouraging diversity, avoiding unnecessary duplication and overbuilding.*

7. *All Regent-accredited institutions of higher education should be constitutionally eligible for State aid.*

8. *Maximum freedom and encouragement for each institution to attract and use outside funds for student aid and program enrichment should be provided.*

9. *Programs of public support should be developed and State budgets should be timed to permit each institution to make long-range plans, financial and programmatic.*

10. *Institutions of higher education, while certainly accountable to the public for their programs, should not be subject to direct and detailed public intervention in their operations.*

11. *Marginal support to assure the survival and strength of a private institution should have preference over the enormously more costly alternative of replacement or absorption by the public structure.*

Responsibilities of the Private Institutions

The first responsibility of an institution or of an educational system is to students: The primary charge to colleges and universities is to provide the opportunity to pursue the knowledge, to develop the skills they need and seek. The more nearly the total educational system provides students with variety and true freedom of choice, the more nearly is this responsibility likely to be met. Each institution must satisfy the student's educational needs or he will go elsewhere.

An institution's second responsibility is to society at large. This responsibility relates only in part to the fact that public funds in various ways support needs not met by student payments, gifts, endowment income, and the like. Private and public institutions should make it possible for society to judge their effectiveness by reporting their income and expenditures, educational achievements, admissions policy, enrollments, curricula, and facilities--both current and projected. In the State of New York this information is already public or is actively being gathered for submission to the State as part of the 1972 Master Plan for Higher Education.

The public is appropriately concerned with the control of costs, and the private institutions accept their responsibility in this area. It would be useful to develop a program for valid cost comparisons in the State system. However, this task is immensely complicated by the great differences among educational programs and the corresponding differences in costs and in accounting. Specialized programs in brain research or plasma physics cannot be compared with programs in linguistics or education. Costs would have to be allocated with respect to level and subject, and agreement reached

on allocation of sponsored research funds, costs of patient care, library, summer school, computer, overhead, and the like. Unless such studies are done on a uniform basis in all institutions, valid comparisons are not possible. In particular, gross calculations of cost per full time equivalent student are seriously misleading if they do not take into account the different kinds and levels of student programs.

The public also has a legitimate interest in the levels of user charges in both private and tax-supported institutions. In the context of the proposed long-term plan, the private institutions accept the responsibility (and the challenge) to compete effectively through the quality of their programs and the levels of their user charges. The real control of user charges will be in the hands of students who will be free to choose their college or university. If a private institution unwarrantedly raises its user charges above those of a public institution offering a comparable program, some students will leave, or fewer will apply, or the college will be obliged to use its private funds to complement the Scholar Incentive award.

Private, along with public institutions, have also a responsibility to contribute to the total educational needs of society. Private universities with complex graduate and research programs contain valuable special knowledge, equipment, and trained people. There are many social problems whose solution is facilitated by access to the resources of such institutions. The universities have a responsibility to make their special advantages available for the common good on some reasonable basis of reimbursement, and even to share the cost of some public service programs. This includes responsibility to make their special capabilities known widely, to cooperate in good faith where their help is needed and can be appropriately provided, and to report to the public at large on the results of their research and public service. New York's private institutions have an excellent record in this regard.

Finally, the private institutions in New York State have a responsibility, and in fact have made a significant and continuing commitment, to the education of disadvantaged students.* Each of the six major private universities is participating in educational opportunity programs, with substantial investments of non-tax funds. In 1970-71 there were more than 6,000 minority students enrolled at the six private universities alone. There were 10,000 economically disadvantaged students receiving federal financial aid. A commitment to continue such programs, invariably involving a substantial investment of the institution's own funds, has been accepted by all the six private universities.

A LONG-TERM PLAN

In the long run, the interests of taxpayers, students, and the higher educational system in the State will be best served by a program that enables students, regardless of income level, to have free choice of the institution, public or private, which meets their academic needs. Those who have the least ability to pay should have as much freedom to select and attend the institution of their choice as those from the highest income levels. By the same token, those who can afford to pay for all or part of their higher education should do so, whether they attend a private or public institution. It is unfair to impose on the taxpayer a burden which these students and their families can reasonably bear.

To accomplish these objectives, two changes are needed. These should be made over a period of three to four years.

1. Public institutions should adopt user charges which cover their full educational

* On a national basis the proportion of Negroes entering private universities is twice that of the public universities. See ACE Fact Book on Higher Education, 1971.

costs, including instructional costs and such student-related expenses as meals, rooms, and health services. Those students who can afford to should pay the full charge.

2. At the same time, all those students who need financial assistance should receive it in the form of a greatly expanded Scholar Incentive plan. The highest awards, to those students who are able to pay little or nothing toward their educational costs, should cover the full user charges at the public institutions. The awards should, however, be usable by the student at the New York institution of his choice, whether public or private.

The plan, perhaps to be fully implemented by 1975, will accomplish the following:

1. New York State residents from disadvantaged backgrounds will be able to receive a higher education at the institutions of their choice--institutions that are suited to their academic needs and abilities.

2. Students transferring from two-year to four-year institutions will have a similar freedom of choice along with appropriate financial assistance.

3. The differential between user charges at public and private institutions will be greatly reduced. The trend of enrollments away from the private to the public institutions because of tuition differentials will cease.

4. The State's system of higher education will be invigorated by

   a. strengthening the private institutions, so important to the total system;

   b. preserving the rich variety now available in the public-private system;

   c. allowing freedom of choice to influence the character of the programs offered in the system. As all students are free to choose, and the system operates more as a free market, programs offered by all institutions will be shaped to fill the students' real needs.

5. The financial problems of the private institutions will be greatly alleviated:

   a. There will be smaller call on their operating funds for student aid;

   b. Institutions offering quality programs, fulfilling students' needs, will have full enrollment, and can operate at minimum cost per student.

6. In the long run the burden on the taxpayer will be minimized. All non-tax resources will be fully used. To the extent they are able, students will pay their way at both public and private institutions. Endowment income, gifts, and federal funds can continue to provide significant support to the system as they now do. As the program develops, Bundy aid can be curtailed and eventually dropped.

7. The plan will foster less intervention and more local governance--in both public and private institutions. Large, direct institutional grants require a form of audit and control that can become intervention. An expanded Scholar Incentive program, offering wide choices of institutions to the student, need not require the same degree of governmental control over the institutions and their policies and procedures. The poorly managed institution will shape up or lose enrollment.

8. The strain on tax-supported colleges and universities caused by untimely closing of private institutions or curtailment of their programs will be minimized.

9. The private institutions will be able to absorb an even greater portion of the State's students who have heretofore not had access to higher education, and it will be in the interest of these institutions to do so.

The plan set forth above is presented as a long-range solution to the problems of higher education in New York State*. It cannot and should not be accomplished suddenly, but should be phased in over a three to four-year period. User fees at the public institutions should be increased until they are equal to full educational costs. The Scholar Incentive program should be correspondingly expanded to the point where the highest awards cover the full charges at the public institutions. As these steps are taken, Bundy aid can begin to be reduced, to be terminated after the expanded Scholar Incentive program is fully implemented.

Categorical aid will probably have to be continued for the foreseeable future to strengthen those professional and other educational programs which are essential to meeting the social priorities and manpower requirements of the State.

THE IMMEDIATE FUTURE - 1972-73

The Governor and the Legislature are faced with extremely difficult budget decisions for next year. The immediate problem is to keep the educational system going at the least cost to the taxpayer--i.e., through a program for next year that is as economical as possible but does not jeopardize the higher education system in the years ahead. The proposal of the private colleges and universities for the 1972-73 budget is as follows:

* Long-term loans, with career-long income-contingent repayments, have been suggested as a solution to the financial dilemma of higher education. Problems of skewed selection of borrowers, high interest rates, initial capitalization, collections, and other difficulties, need still to be studied and resolved. As a solution to New York's problems, like the plan presented here, the long-term loan scheme would depend on realistic user charges. The scheme can do little more, however, than offer alternative financing for that portion of his educational expense which the student can bear. Existing student loan plans are already used extensively. The income-contingent loans will not solve the problems of the financially disadvantaged, who are the principal beneficiaries of New York's means-oriented Scholar Incentive program. It is that program which is recommended for extension.

1. Bundy aid must be continued at least at present levels. To reduce Bundy next year would be disastrous for most private institutions and could be the coup de grace for several. (If the long-term plan can be implemented, this form of direct institutional aid can be phased out over the next few years.)

2. A first step should be taken toward the proposed financing plan. An immediate increase in the Scholar Incentive awards is recommended. For 1972-73 the maximum award should be increased from $600 to $1,500.

   The expansion in Scholar Incentive awards should be accompanied by steps toward an extended system of user charges at the public institutions. This will develop new revenue for the public institutions from those students--and their families--who can afford to pay some or all of the full cost. This additional income to the State will offset most or possibly all of the cost of the expanded system-wide Scholar Incentive program.

3. Some private institutions are facing immediate financial disaster. Bundy aid at the present level cannot save these institutions. Emergency funds are needed to sustain these institutions until the new financing plan can take effect. Therefore, a temporary emergency fund should be established. The fund should be administered on a statewide basis,under standards to be approved by the Regents, to sustain those institutions in greatest need and most important to the State's higher education system.

   This is to be a temporary emergency fund. This kind of financing could be an incentive for poor management. The proposed long-term financing plan creates strong incentives for good management in all parts of the system. For this reason, it is important that the long-term plan be executed as rapidly as possible, to avoid a succession of emergencies.

4. Categorical aid programs should be continued at least at present levels. The State now provides assistance to programs of high social priority such as medicine, dentistry, nursing, and educational opportunity programs for the disadvantaged. These programs must be maintained. Private institutions are in no position to replace State funds now being provided.

FEDERAL MONEY FOR NEW YORK INSTITUTIONS OF HIGHER EDUCATION**
(in thousands of dollars)

	1966-67	Rank	1967-68	Rank	1968-69	Rank	1969-70	Rank	1969-70 as a % of 1966-67
N.Y.U.	$ 44,449	11	$ 43,399	12	$ 46,759	11	$ 37,779	18	85.0%
SYRACUSE	13,940	67	16,092	62	12,414	76	8,946	89	64.2%
COLUMBIA	61,748		56,736		57,852		55,675		90.2%
Main	55,966	4	52,369	7	52,375	6	49,574	8	
Barnard	157		220		125		220		
Pharm.	107		147		164		236		
Teachers	5,518		4,000		4,658		5,222		
Systems	-0-		-0-		530		423		
CORNELL	39,188	14	39,567	14	39,071	16	37,972	17	96.9%
FORDHAM	2,663	*	2,147	*	2,252		1,861	*	69.9%
U. OF ROCH.	22,977	36	25,950	30	29,801	18	25,190	31	109.6%
TOTAL FOR SIX INSTITUTIONS	$ 184,965		$ 183,891		$ 188,159		$ 167,423		90.5%
TOTAL FOR NEW YORK STATE	$ 339,734	2	$ 340,897	2	$ 353,581	2	$ 320,298	2	94.3%
SIX INSTITUTIONS AS % OF N.Y.S.	54.4%		53.9%		54.3%		52.3%		
SUNY									
Buffalo	$ 12,127	72	$ 13,950	71	$ 15,753	62	$ 15,216	61	125.5%
Stonybrook	3,541	*	7,380	*	4,070	*	7,814	99	220.7%
Albany	3,541	*	3,955	*	4,175	*	5,280	*	149.1%
Binghamton	2,072	*	1,912	*	894	*	1,295	*	62.5%
TOTAL FOR FOUR SUNY	$ 21,281		$ 27,197		$ 24,892		$ 29,605		139.1%
FOUR SUNY AS % OF N.Y.S.	6.3%		8.0%				9.2%		
TOTAL FEDERAL	$3,311,100		$3,366,900		$3,453,000		$3,226,000		97.4%
N.Y.S. AS % OF FEDERAL TOTAL	10.3%		10.1%		10.9%		9.9%		

* unranked: only top 100 institutions ranked
** source: Federal Support to Universities and Colleges NSF 70-27 (1969-70 data unpublished)

APPENDIX B

NEW YORK STATE INSTITUTIONS OF HIGHER EDUCATION
1970 ENROLLMENTS ON FTE BASIS

	Undergraduate FTE		Graduate FTE		Total FTE	
ALL HIGHER EDUCATION						
Total State Universities	225,374	45%	19,541	22%	244,916	42%
Total City Universities	78,893	16	11,299	13	90,192	15
Total Non-Public	191,362	39	57,950	65	249,312	43
Total State	495,630	100	88,790	100	584,420	100
FOUR-YEAR INSTITUTIONS						
State Universities	91,559	26%	19,541	22%	111,000	25%
City Universities	78,893	22	11,299	13	90,192	20
Non-Public	184,511	52	57,950	65	242,461	55
Total Four-Year Institutions	354,963	100	88,790	100	443,653	100
SIX UNIVERSITIES	44,791		32,593		77,384	
as percentage of						
Total Four-year	13%		37%		17%	
Total Non-Public	23%		56%		31%	
Total State	9%		37%		13%	

FTE Students - Full-time plus one-third of Part-time students, graduate as well as undergraduate.

APPENDIX C

TOTAL STUDENT AID DERIVED FROM INSTITUTION SOURCES
Non-Government

INSTITUTION		66-67	67-68	68-69	69-70	70-71
NEW YORK UNIVERSITY		3,270	3,761	5,022	6,391	7,152 *
SYRACUSE UNIVERSITY		2,057	2,459	2,703	3,220	4,465
COLUMBIA UNIVERSITY		5,089	5,894	7,155	8,065	8,165 '
CORNELL UNIVERSITY		3,457	3,978	4,238	4,332	4,719
FORDHAM UNIVERSITY			1,365	1,562	1,850	2,078
UNIVERSITY OF ROCHESTER		2,187	2,200	2,654	2,957	3,483
TOTAL SIX			19,657	23,334	26,815	29,897

* Included tuition waiver to employees

' Estimated

APPENDIX D

FULL-TIME EQUIVALENT* DEGREE CREDIT ENROLLMENT, by Degree Level,
AT SIX PRIVATE AND FOUR STATE UNIVERSITIES IN NEW YORK, by Institution,
1966-67 - 1970-71**

	UNDERGRADUATE		GRADUATE		PROFESSIONAL ****		TOTAL	
	1966-67	1970-71	1966-67	1970-71	1966-67	1970-71	1966-67	1970-71
NEW YORK UNIVERSITY	9,957	10,069	9,167	8,655	1,605	1,726	20,729	20,450
SYRACUSE UNIVERSITY	12,392	11,824	4,328	4,650	306	517	17,026	16,991
COLUMBIA UNIVERSITY***	4,300	4,491	6,599	5,684	911	1,060	11,810	11,235
CORNELL UNIVERSITY	6,114	6,594	2,274	2,639	968	1,097	9,356	10,330
FORDHAM UNIVERSITY	5,813	6,621	1,415	2,081	759	618	7,987	9,320
UNIVERSITY OF ROCHESTER	4,272	4,515	1,912	1,866	0	0	6,184	6,381
TOTAL SIX	42,848	44,114	25,695	25,575	4,549	5,018	73,092	74,707
BUFFALO	9,889	13,458	2,720	3,551	326	538	12,945	17,548
ALBANY	4,849	7,242	1,116	1,968	0	0	5,965	9,210
STONYBROOK	3,530	8,363	397	2,530	0	0	3,927	10,893
BINGHAMTON	2,300	5,058	304	1,092	0	0	2,604	6,150
TOTAL FOUR:	20,578	34,121	4,537	9,141	326	538	25,441	43,801
TOTAL TEN	63,426	78,235	30,232	34,716	4,875	5,556	98,533	118,508

* F.T.E. Obtained by Fall full-time head count plus one-third Fall part-time head count.

** Source: Higher Education Planning Statistics 1969, Vol. 1-A, Degree Credit Enrollment, the University of the State of New York, State Education Department, Albany, N.Y., January 1970; College and University Enrollment, New York State, Fall 1969; Comprehensive Report on College and University Enrollment, N.Y. State, Fall 1966.

*** Main Campus Only

**** Non-Medical

MEMBERSHIP OF THE COMMISSION ON
INDEPENDENT COLLEGES AND UNIVERSITIES

B-1, No. 2 Washington Square Village
New York, New York 10012

Academy of Aeronautics

Adelphi University

Alfred University

Bank Street College of Educztion

Bard College

Barnard College

Bennett College

Briarcliff College

Brooklyn Law School

Canisius College

Capuchin Theological Seminary

Catherine McAuley College

Cazenovia College

Clarkson College of Technology

Colgate University

College of White Plains

Columbia University

Concordia Collegiate Institute

Cooper Union

Cornell University

Dominican College of Blauvelt

Dowling College

D'Youville College

Eisenhower College

Elizabeth Seton College

Elmira College

Finch College

Fordham University

Hamilton College

Harriman College

Hartwick College

Hebrew Union College-Jewish Institute of Religion

Hobart and William Smith Colleges

Hofstra University

Houghton College

Immaculate Conception Seminary

College of Insurance

Iona College

Ithaca College

Juilliard School of Music

Keuka College

The King's College

Kirkland College

Ladycliff College

LeMoyne College

Long Island University

Manhattan College

Manhattan School of Music

Manhattanville College of the Sacred Heart

Mannes College of Music

Maria College of Albany

Maria Regina College

Marist College

Marymount College

Marymount Manhattan College

Medaille College

Mercy College

Mills College of Education

Molloy Catholic College for Women

Mount Saint Mary College

College of Mount Saint Vincent

Nazareth College

College of New Rochelle

New School for Social Research

New York Institute of Technology

New York Law School

New York Medical College

New York University

Niagara University

Nyack Missionary College

Pace College

Packer Collegiate Institute

Paul Smith's College

Polytechnic Institute of Brooklyn

Pratt Institute

Rensselaer Polytechnic Institute

Wells College

Roberts Wesleyan College

Rochester Institute of Technology

University of Rochester

The Rockefeller University

Rogers College

Rosary Hill College

Russell Sage College

St. Bonaventure University

St. Francis College

St. John Fisher College

St. John's University

Saint Joseph's College for Women

St. Lawrence University

College of Saint Rose

St. Thomas Aquinas College

Sarah Lawrence College

Siena College

Skidmore College

Syracuse University

Teachers College Columbia

Tro Caire College

Union College

Union Theological Seminary

Utica College

Vassar College

Villa Maria College of Buffalo

Wagner College

Webb Institute of Naval Architecture

Yeshiva University